

# SUCCESSION AND TRANSITION PROGRAM TRAINING

## OUTCOMES/BENEFITS

The Outcomes/Benefits from S&TP are directly related to the process that the S&TP follows.

Firstly, the S&TP Worksheets provide an excellent, but simple, framework for the S&TP workshop. The S&TP worksheets act as a checklist to make sure the relevant issues are considered.

Depending on the 'starting point' (ie degree of corporate knowledge of the client) the time taken to go through each Stage of the workshop cannot always be accurately estimated.

The experienced S&TP Facilitator will guide the business owner through the worksheets.

The S&TP Workshop also includes detailed discussion on Business Valuation.

Prior to the S&TP workshop the business owner(s) generally complete a BLP workshop. This provides the Facilitator with all the background information necessary to conduct a structured S&TP workshop. It also means that the business owner has an understanding of the value of their business and how this value can/should increase in the future.

Depending on the time gap between the BLP workshop and the S&TP workshop it may be necessary to repeat the Risk and Value Drivers assessment (IPT) and obtain more up to date financial information.

The first stage of the S&TP is to enable the owners to develop the offer that they will put to their future owners. The future owners will only know how to assess the offer if there is sufficient detail to enable them to evaluate the offer.

For the future owners this is a big decision and they will typically have lots of questions as to how it will all work. We need to have answers for their questions and we need to avoid having to say things like "We haven't worked that out yet".

The S&TP workshop therefore needs to examine every aspect of the offer - in terms of changing ownership roles and changing management roles. The Worksheets provide a structure for achieving this.

It is important to appreciate that every S&TP workshop is unique. The 'starting point' is different in each workshop and the degree of complexity differs each time. Accordingly, not every S&TP Worksheet is required in every workshop. The facilitator needs to use their professional judgement to identify where a particular worksheet can be omitted (the Worksheets are provided in Word so editing is easy).

We find it works better to provide the participants with a copy of the workbooks (not necessarily so they can fill in details as they go - more so they can see that a structured process will be followed).

The Facilitator needs to be familiar with the subject of the S&TP worksheets as there is constant cross over between them.



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Typically the first hour or so of an S&TP workshop involves summarising the outline of the succession plan, 'digging down' on the more fundamental considerations with the Current owner(s). The worksheets then generally assist in documenting the discussions and acting as a checklist for some of the other areas of consideration (covering the other 'details').

Obviously the more Current Owners there are, and/or the less familiar the Current Owner is with the relevant issues, the longer the 'outline discussions' will take.

Once the Facilitator has completed their 'design' with the Current Owner, they present the offer to Future Owners. Whiteboards and/or data projectors are very useful here. Future owners may be given copies of the workbooks that guide them through the 'offer'.

In some circumstances, Future Owners will be asked to sign Confidentiality Agreements.

In most cases the Future Owners will be able to assess the Offer and highlight areas that they like, any reservations etc. The Facilitator then typically discusses these with the Current Owner and reports back to the Current Owner, either with or without the Current Owner (depending on the nature of the issues that need to be resolved). Typically this ends up in a group discussion.

The Facilitator needs to prepare an S&TP Report that details the agreed Succession/Transition. It is critical to have an accurate report/plan as typically, these plans can take years to complete.

We have come across many succession plans that are not properly documented and always result in individuals having different understandings of what has been agreed.

The Succession Plan can also be used to accompany a loan application so needs to be professionally written.

Ideally, the S&TP Facilitator will be engaged by the business owner to help implement the Actions detailed in the S&TP Report. At the very least, the S&TP Facilitator should contact the business owner 3 months after presenting the S&TP Report to gauge the business owner's success in implementing the Actions.

Typically business owners need some 'external discipline/pressure' to help them retain focus on the S&TP Actions (especially sole proprietors) and the S&TP Facilitator can often secure ongoing Consultancy Services from the business owner.